

## AGENDA

**Port Freeport  
Port Commission  
Regular Meeting  
Thursday, July 28, 2022, 1:00 pm - 2:00 pm  
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

**This meeting agenda with the agenda packet is posted online at [www.portfreeport.com](http://www.portfreeport.com)**

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Port Commission, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference.

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/86411939766?pwd=mw1bKSE2bAGMq273rQnz-yjtoFJ8b.1>

Meeting ID: 864 1193 9766

Passcode: 455678

Dial by your location

1 346 248 7799 US (Houston)

Meeting ID: 864 1193 9766

Find your local number: <https://us02web.zoom.us/u/killgAi4c>

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et.seq., to review and consider the following:
2. Invocation.
3. Pledge of Allegiance: U.S. Flag & Texas Flag.
4. Roll Call.
5. Safety Briefing.
6. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.
7. Public Comment. (Public comment on any matter not on this Agenda will be limited to 5 minutes per participant and can be completed in person or by videoconference)
8. Public Testimony. (Public testimony on any item on this Agenda will be limited to 3 minutes per agenda item to be addressed per participant and can be completed in person or by videoconference. The participant shall identify in advance the specific agenda item or items to be addressed.
9. Adoption of a Resolution approving the application for tax abatement between Port Freeport and Volkswagen Group of America, Inc. and PRP KDC Freeport Development, LLC regarding a \$115 million 125-acre vehicle importation and processing center for property located within the City of Freeport Reinvestment Zone 2022-01, approving Tax Abatement Agreement and authorizing Chairman and Secretary to execute said agreement.
10. Adjourn.

***The Port Commission does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Port Commission may go into a closed session as permitted by law regarding any item on the agenda.***

With this posted notice, Port Commissioners have been provided certain background information on the above listed agenda items. Copies of this information can be obtained by the public at the Port Administrative offices at 1100 Cherry Street, Freeport, TX.

A handwritten signature in black ink, reading "Phyllis Saathoff". The signature is written in a cursive, flowing style.

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Phyllis Saathoff, Executive Director/CEO

**PORT FREEPORT**

*In compliance with the Americans with Disabilities Act, the District will provide for reasonable accommodations for persons attending its functions. Requests should be received at least 24 hours in advance.*



1100 CHERRY ST. • FREEPORT, TX 77541  
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WWW.PORTFREEPORT.COM

**TO:** Port Commissioners  
Executive Director/CEO

**FROM:** Rob Lowe

**DATE:** June 27, 2022

**SUBJECT:** Application for Tax Abatement in Port Freeport by Volkswagen Group of America, Inc. and PRP KDC Freeport Development, LLC. for a proposed importation and processing facility.

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Volkswagen Group of America, Inc. and PRP KDC Freeport Development, LLC. is evaluating the development of a 125-acre vehicle importation and processing center. The proposed site is on Port Freeport property within the City of Freeport Reinvestment Zone 2022-01, generally located south of Highway 36 and west of F.M. 1495.

Volkswagen Group of America, Inc. and PRP KDC Freeport Development LLC. tax abatement considerations:

- \$114,495,000 total investment
- \$28,500,000 in vertical improvements to be abated
- \$1,394,000 Tangible Personal Property to be abated
- Seven-year term of tax abatement (2023 through 2029)
- 10 new jobs commitment per tax abatement application
  - Total Jobs Planned 113
    - 11 VWGoA
    - 3 Porsche
    - 99 Third Party
- Total direct & indirect jobs 260-300
- Construction Jobs:
  - At Start 100
  - Peak 387
  - Finish 80

PORT COMMISSION

JOHN HOSS, CHAIRMAN; RUDY SANTOS, VICE CHAIRMAN; DAN CROFT, SECRETARY; ROB GIESECKE, ASST. SECRETARY;  
RAVI K. SINGHANIA, COMMISSIONER; SHANE PIRTLE, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

**APPLICATION FOR TAX ABATEMENT IN  
PORT FREEPORT IN  
BRAZORIA COUNTY, TEXAS**

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**INSTRUCTIONS FOR COMPLETION OF APPLICATION:**

1. Attach additional pages if there is not enough space allotted to answer questions on the application.
2. Applicants and projects must meet the requirements established by the Port Freeport Guidelines and Criteria (attached) in order to receive positive consideration. **PLEASE READ THE CRITERIA PRIOR TO COMPLETING THE APPLICATION.**
3. Applicants must submit an application processing fee in the amount of ONE THOUSAND & NO/100 (\$1,000.00) DOLLARS to cover costs of legal notices to be published.
4. Applicants must submit an adequately definitive legal description that sufficiently describes the tract(s) of land comprising the proposed tax abatement area (reinvestment zone) upon which the new facility, expansion or modernization project will be located. Applications with insufficient or indefinite legal descriptions will be returned to the applicant for amendment and such applications will not be considered for hearing until corrected.
5. Applicant must submit the attached “Certification of Appraised Value of Properties” form as part of this application. The certification should cover the proposed tax abatement area and it is the responsibility of the applicant to obtain this information from the Brazoria County Appraisal District.

**PART I  
APPLICANT’S INFORMATION**

The taxing unit may consider applicant financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the new application a copy of their latest annual report to the stockholders. Other applicants and new companies should attach a statement showing: (1) when the company was established; (2) business references [name, contact and telephone number of principal bank, accountant and attorney]; and (3) may be required to submit an audited financial statement and business plan. **Attach as Exhibit “A”.**

## **PARTS II & III PROJECTION INFORMATION**

Only facilities listed in Section 2(a) of the Guidelines may receive abatement without applying for a variance. Check guidelines definitions in Section I to see if project qualifies.

If the project is a Regional Entertainment Facility, Regional Service Facility, Regional Distribution Center Facility, or other basic industry, include the following items: (1) market studies; (2) business plans; and (3) agreements or other materials demonstrating that the facility is intended to serve a market of which the majority is substantially outside the Brazoria County region. See Part III of the Application – Required Exhibits.

## **PART IV ECONOMIC IMPACT INFORMATION**

### **Permanent Employment Estimates**

In estimating the permanent employment, include the total number of jobs created at this site by your firm as well as known permanent jobs of service contractors required for operation.

### **Estimated Appraised Value on Site**

The value January 1 preceding abatement should be the value established by the Brazoria County Central Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least one million dollars after the period of abatement expires. Projections of value should be a “best estimate” based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office in excess of that used for plant administration, housing, etc. **Attach as Exhibit “B”.**

## **PARTS V & VI**

Self-explanatory.

**APPLICATION FOR TAX ABATEMENT IN  
PORT FREEPORT IN  
BRAZORIA COUNTY, TEXAS**

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**FILING INSTRUCTION:**

This application should be filed at least NINETY (90) DAYS prior to the beginning of construction or the installation of equipment. This filing acknowledges familiarity and assumed conformance with “**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE IN BRAZORIA COUNTY**” (Copy attached). This application will become part of any later agreement or contract and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

**ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED TO:**

**CHIEF FINANCIAL OFFICER  
PORT FREEPORT  
1100 CHERRY STREET  
FREEPORT, TX 77541**

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**PART I - APPLICANT INFORMATION**

Contact for Developer: PRP KDC Freeport Development LLC - Scott Ozmy; Executive Vice President and CIO of KDC; (214) 696-7825; scott.ozmy@kdc.com; 8115 Preston Road Suite 700 Dallas, Texas 75225

Company Name: Volkswagen Group of America, Inc. Submittal Date: 5.18.2022 (amended 6.27.2022)  
Address/City: 2200 Woodland Pointe Avenue  
Phone: (248) 754-5000  
Name/Address/Phone of Company Contact on this Project: Donald Davidson  
601 Pennsylvania Avenue NW, Suite 740; Washington DC, 20004  
Type of Structure: Corporation ( ☒ ) Partnership ( ☐ ) Proprietorship ( ☐ )  
Total number employed: About 8,000 Corporate Annual Sales per year: Approx. \$25.5 billion  
Annual Report submitted: Yes ( ☒ ) No ( ☐ ) (see instructions)

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**PART II - PROJECT INFORMATION**

Check Type of Facility to be abated:

Manufacturing	( <input type="checkbox"/> )	Regional Distribution	( <input checked="" type="checkbox"/> )
Regional Service	( <input type="checkbox"/> )	Regional Entertainment Center	( <input type="checkbox"/> )
Research	( <input type="checkbox"/> )	Other Basic Industry	( <input type="checkbox"/> )

Proposed Facility Address and Legal Description: **Attach as Exhibit “C”.**

Attach a map showing site. **Attach as Exhibit “D”.**

**Abatement Term Requested:** 7 years

**Percentage Requested:** 100%

Proposed facility located in the following taxing jurisdictions:

School District: Brazosport Independent School District  
College District: Brazosport College  
Drainage District: Velasco Drainage District  
Hospital District: N/A  
City: City of Freeport  
Other Taxing Jurisdictions: Port Freeport

Describe product or service to be provided: Automotive – Port Terminal

This application is for a:    New Plant (X)            Expansion ( )            Modernization ( )

### PART III - PROJECT DESCRIPTION

Please attach a statement (1) fully explaining the project; (2) describing the site and existing improvements; (3) describing all proposed improvements; and (4) providing a list of improvements and fixed equipment for which abatement is requested. **Attach as Exhibit “E”.**

If applicable, please describe any additional property located outside of the proposed reinvestment zone that would add to the overall value of the project.

### PART IV - ECONOMIC IMPACT INFORMATION

- A. Estimated cost of proposed improvements: \$114,495,000
- B. Permanent employment estimates:  
If existing facility, the current plant employment: N/A  
Estimated number of plant jobs retained: ( N/A ) Jobs created: ( 10 )  
Number of employees anticipated at start-up: 10 within one year: 10
- C. Construction employment estimates:  
Construction to start:    Month: 06            Year: 2022  
Construction to be completed:    Month: 12            Year: 2023  
Number construction jobs anticipated:  
At start: 100            Peak: 387            Finish: 80
- D. School District impact estimates:  
Number of families transferred to area: 15  
Number of children added to ISDs: 23
- E. City Impact estimates  
Volume of treated water required from City: Minor  
Volume of effluent to be treated by City: Minor

Intention is to employ  
11 VWGoA FTE and 3  
Porsche FTE plus  
support 99 contractors  
& facility maintenance  
directly at the VWGoA  
Terminal.

**Total of 113 jobs  
directly at the  
VWGoA Terminal**

**Please provide statement by Addendum relative to planned water and sewer treatment methods and disposal of effluent if the facility is to be located outside city systems. If effluent is not treated by municipal facilities, by Addendum, include an explanation of the manner of treatment and by whom. Attach as Exhibit "F".**

Has permitting been started: Yes ( ) No (X)

F. Estimated appraised value on site:

	LAND	PERSONAL PROPERTY	IMPROVEMENTS
Valuation of existing property as of January 1, preceding this abatement application:	<u>\$393,210</u>	<u>\$0</u>	<u>\$0</u>
Estimated value of Personal Property and Improvements, <b>not subject to abatement, excluding exempt Pollution Control Equipment</b> , upon completion of the project subject to this application:		<u>\$393,500</u>	<u>\$0</u>
Estimated value of abated improvements at the completion of construction:			<u>\$28,500,000</u>
Estimated value of Tangible Personal Property, <b>subject to abatement</b> :		<u>\$1,394,000</u>	<div style="border: 1px solid black; padding: 5px; color: red; font-size: small;">           Estimate utilizing fixture depreciation model         </div>
Estimated value of abated improvements after abatement agreement expires:			
			<u>\$12,540,000</u>
Estimated value of abated Tangible Personal Property, after abatement agreement expires:		<u>\$613,580</u>	
Estimated value, upon completion of the project, of exempt pollution control equipment:			<u>N/A</u>

G. Minimum Production Life of Equipment: 14 years and greater

H. Variance: Is a variance being sought under any provision of the "Guidelines"? Yes ( ) No (X)  
If "Yes", attach any supplementary information required. **Attach as Exhibit "G".**

I. Statement on planned efforts to use Brazoria County Vendors and Services: Please attach a statement describing willingness and planned efforts to use qualified Brazoria County Vendors and services where applicable in the construction and operation of the facility. (See Section 2 (h) (6) of the Guidelines and Criteria for Granting Tax Abatement). **Attach as Exhibit "H".**

J. Tangible Personal Property Abatement Request: Attach a detailed list describing all tangible personal property sought to be abated. Said list must include projected life, cost, and value after abatement agreement expires. **Attach as Exhibit "I".**



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## PART V - OTHER AGREEMENT APPLICATIONS

Has the company made application for abatement of this project to other taxing jurisdictions or counties:                      Yes (X)                      No ( )

If “Yes”, provide (1) dates of application; (2) hearing dates; (3) name of jurisdiction(s) and contact(s); and (4) any letters of intent to abate. **Attach as Exhibit “J”.**

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## PARTS VI - DECLARATION

To the Best of my knowledge, the above information is an accurate description of project details.

*Signed / Donald Davidson*

Donald Davidson;

Manager of Government Relations

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Company Official Signature

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Printed Name & Title of Company Official

# EXHIBIT

# A

## **REQUIRED ATTACHMENTS**

- EXHIBIT "A" – Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan.**
- EXHIBIT "B" – Certification of Appraised Value of Properties as of January 1, 2021**
- EXHIBIT "C" – Proposed Facility Address and Legal Description**
- EXHIBIT "D" – Map Showing Site**
- EXHIBIT "E" – Project Description including Time Schedule for Undertaking and Completing Project**
- EXHIBIT "F" – Planned Water and Sewer Treatment Methods and Disposal of Effluent**
- EXHIBIT "G" – Letter/Statement regarding Variance Requests**
- EXHIBIT "H" – Statement on Planned Use of Brazoria County Vendors**
- EXHIBIT "I" – Detailed Itemized List of Tangible Personal Property requesting to be abated.**
- EXHIBIT "J" – Application for Abatement with Other Taxing Jurisdictions**



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For a copy of the complete Volkswagen 2021 Annual Report, please contact Port Freeport CFO, Rob Lowe via email at [lowe@portfreeport.com](mailto:lowe@portfreeport.com) or by calling 979-233-2667 ext.4366.

PORT COMMISSION

**JOHN HOSS**, CHAIRMAN; **RUDY SANTOS**, VICE CHAIRMAN; **DAN CROFT**, SECRETARY; **ROB GIESECKE**, ASST. SECRETARY;  
**RAVI K. SINGHANIA**, COMMISSIONER; **SHANE PIRTLE**, COMMISSIONER; **PHYLLIS SAATHOFF**, EXECUTIVE DIRECTOR/CEO

**EXHIBIT "B"**

**CERTIFICATION OF APPRAISED VALUE OF PROPERTIES  
AS OF JANUARY 1, 2022**

**TO:** BRAZORIA COUNTY  
**FROM:** BRAZORIA COUNTY APPRAISAL DISTRICT  
**DATE:** May 20th 2022

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2022, for property of \_\_\_\_\_ described in Exhibit B-1 attached hereto are listed in the records of Brazoria County Appraisal District and indicated by the following account numbers:

PERSONAL PROPERTY	APPRAISED VALUE
Account No. _____	\$ _____
Account No. _____	\$ _____
<b>LAND</b>	
Account No. <u>169639</u>	\$ <u>\$260,050</u>
Account No. <u>162701</u>	\$ <u>\$133,160</u>
Account No. _____	\$ _____
<b>IMPROVEMENTS</b>	
Account No. _____	\$ _____
Account No. _____	\$ _____
Account No. _____	\$ _____

Certified this 20th day of May, 2022.

**CHIEF APPRAISER  
BRAZORIA COUNTY APPRAISAL DISTRICT**

BY:  \_\_\_\_\_

Exhibit C

DESCRIPTION OF A 147.09 ACRE LEASE TRACT

JOHN G. MCNEEL ½ LEAGUE, ABSTRACT NO. 335 AND

CONCEPCION AREOLA SURVEY, ABSTRACT NO. 142

BRAZORIA COUNTY, TEXAS

BEING A 147.09 ACRE LEASE TRACT IN THE JOHN G. MCNEEL ½ LEAGUE, ABSTRACT NO. 335 AND IN THE CONCEPCION AREOLA SURVEY, ABSTRACT NO. 142, BRAZORIA COUNTY, TEXAS; SAID 147.09 ACRE LEASE TRACT BEING PART OF THAT TRACT OF LAND REFERRED TO AS PARCEL 14 OF PORT FREEPORT; SAID PARCEL 14 BEING PART OF THE REMAINDER OF A 61.27 ACRE TRACT OF LAND CONVEYED TO BRAZOS RIVER HARBOR NAVIGATION DISTRICT FROM FREEPORT SULPHUR COMPANY BY DEED DATED JUNE 18, 1962 AND RECORDED IN VOLUME 826, PAGE 531 OF THE DEED RECORDS OF BRAZORIA COUNTY, TEXAS AND PART OF THE REMAINDER OF A 1384.40 ACRE TRACT REFERRED TO AS A PART OF TRACT SEVEN CONVEYED TO BRAZOS RIVER HARBOR NAVIGATION DISTRICT FROM FREEPORT MINERALS COMPANY BY DEED DATED AUGUST 27, 1982 AND RECORDED IN VOLUME 1663, PAGE 22 OF THE DEED RECORDS OF BRAZORIA COUNTY, TEXAS; SAID 147.09 ACRE LEASE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING at TxDOT right of way monument located at the northeast corner of said Parcel 14 and being also located at the intersection of the southerly right of way of State Highway 36 with the westerly right of way of F M Highway 1495; thence as follows:

North 89° 12' 15" West, across said Parcel 14, a distance of 595.28 feet to the **POINT OF BEGINNING** and northeast corner of the herein described lease tract;

THENCE, South 29° 59' 49" West, along the eastern most line of the herein described lease tract, a distance of 562.30 feet to a point for corner;

THENCE, North 74° 46' 11" West, along the interior north line of the herein described lease tract, at a distance of 159.63 feet pass a chain link fence corner post located at the northeast corner of an existing 20.404 acre lease tract; and continuing for a total distance of 1,614.04 feet to a chain link fence corner post located at the northwest corner of said 20.404 acre lease tract for the interior corner of the herein described lease tract;

THENCE, South 15° 12' 24" West, along an interior east line of the herein described lease tract and along a chain link fence along the westerly line of said 20.404 acre lease site, a distance of 652.00 feet to a chain link fence corner post located at the southwest corner of said 20.404 acre lease tract and for the most southerly southeast corner of the herein described lease tract;

THENCE, North 75° 09' 40" West, along the southerly line of the herein described lease tract, a distance of 4,573.11 feet to a point for the southwest corner of the herein described lease tract; same being on the east line of 10.00 acre lease;

THENCE, North 14° 17' 43" East, along the westerly line of the herein described lease tract and along the east line of said 10.00 acre lease, passing the northeast corner of said 10.00 acre lease, and continuing for a total distance of 1,207.96 feet to a point for the northwest corner of the herein described lease tract;

THENCE, South 74° 56' 34" East, along the northerly line of the herein described lease tract, a distance of 6,349.84 feet to the **POINT OF BEGINNING** and containing 147.09 acres.

THOMAS F. MCKINNEY SURVEY, A-87

JOHN G. McNEEL 1/2 LEAGUE, A-335

STATE HIGHWAY 36  
(325' WIDE)  
VOL. 855, PG. 561.  
VOL. 872, PG. 850  
D.R.B.C.T.  
S74°45'48"E 6,579.64'

N14°30'53"E 1,059

147 AC

N75°29'07"W 6,458.64

**-TRACT IV**  
**POINT OF BEGINNING**  
X = 3,136,127.79  
Y = 13,543,255.39

FND TSDOT TYPE I FND US&GS BRASS C FND 60d NAIL

FM 1495  
(W/TH VARIOUS)  
VOL. 473 PG. 372  
DIRECT.

HOUSTON & BRAZOS VALLEY  
RAILWAY COMPANY  
(100' WIDE)  
VOL. 131, PG. 595  
D.R.B.

ROAD 242 (60' WIDE)  
VOL. 131, PG. 595 D.R.B.C.T.



# Proposed Port Freeport Facilities

Exhibit D





# Proposed Development – Site Plan

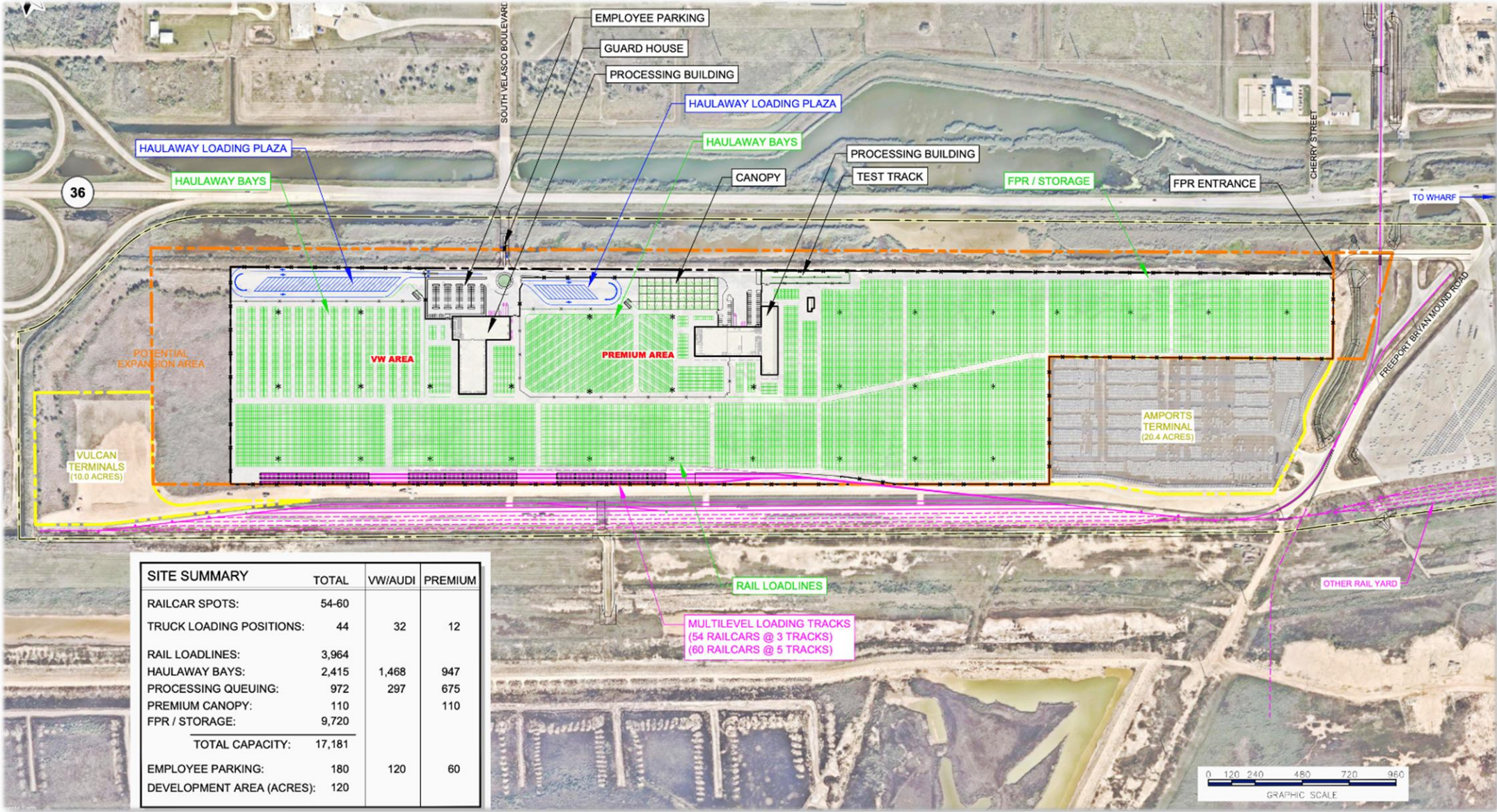


Exhibit E

## **Proposed VWGoA Port of Entry Project Description**



# Project Description, Timeline, and Overview

- **The proposed VWGoA Port of Entry project at Port Freeport will consist of a 125-acre vehicle importation and processing center.**
  - Will manage distribution of vehicles inbound from Europe and Mexico by both rail and water.
  - The project will include an on-site rail loading and unloading facility, a vehicle storage area, as well as two buildings totaling approximately 170,000 square feet for administration, vehicle processing, parts storage, and specialized technical space for several different Volkswagen Group brands.
  - Additionally, electric chargers, fueling facilities, car washes, a storage canopy for certain vehicles, and dedicated truck loading and haulaway facilities will be constructed.
  - PQT/ Porsche / Lamborghini / Bentley to utilize space as well
- **Project will cover over 50% of the United States by geography, serving dealers in an area spanning Texas, the Midwest, and the Pacific Northwest.**
- **Average throughput of the facility over the next 5 years is projected to be between 120,000 and 140,000 cars per year.**
- **Constructed on land ground leased from Port Freeport, who will retain fee title to the land.**

# Project Overview



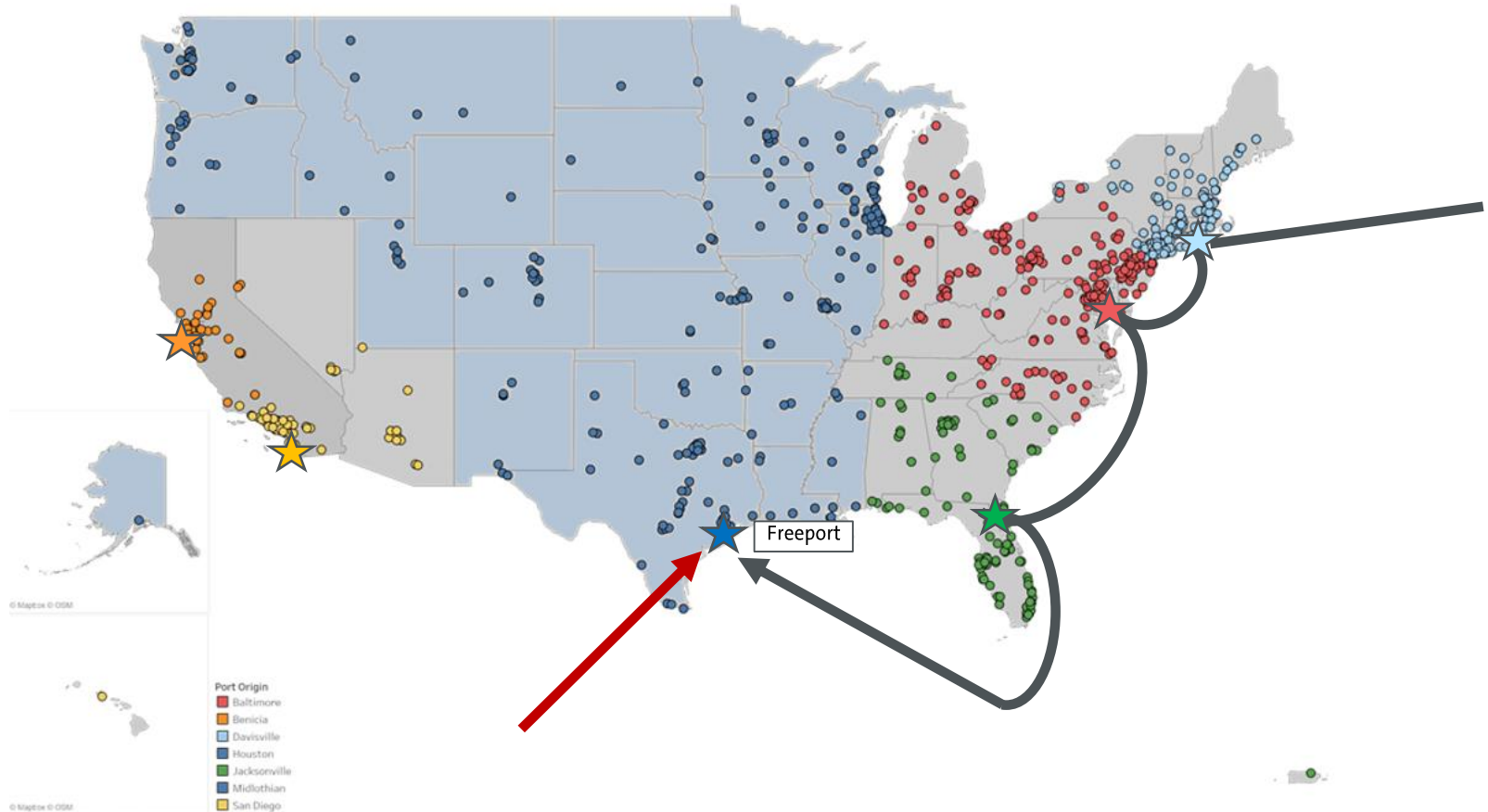
*\* Example Photos - Taken at VWGoA's new Tradepoint Atlantic vehicle terminal at the Port of Baltimore.*

# Project Overview



*\* Example Photos - Taken at VWGoA's new TradePoint Atlantic vehicle terminal at the Port of Baltimore.*

# US Network & Texas Port Service Area





# Timeline, Schedule, and Jobs Overview

- **Construction Timeline and Jobs:**
  - Start June 2022; Conclude December 2023
  - Construction Jobs: **anticipate the creation of 387 jobs for 18-20 months**, with almost 550,000 person-hours of construction activities being performed.
- **VWGoA Port of Entry would support 260-300 jobs.**
  - 113 of these jobs directly at VWGoA terminal
  - Require employment at the port of 60 to 100 stevedore drivers to unload the thousands of vehicles the terminal will import via vessel.
  - Require a robust trucking operation to be established and would support further employment at a shortline rail operator.
- **Average Wage at VWGoA terminal: \$31.11**

	Number
<b>VWGoA Full Time Employees</b>	<b>11</b>
<b>Contractor / 3<sup>rd</sup> Party Logistics Provider (3PL) – Processing, Management, Administrative, HR, IT)</b>	<b>55</b>
<b>Porsche Full Time Employees</b>	<b>3</b>
<b>Contractor 3PL – Rail Operations</b>	<b>12</b>
<b>Contractor 3PL – Technical (Accessory Installation, Vehicle Quality, Collision Repair Technician, Paint Shop Technician)</b>	<b>25</b>
<b>Contractor 3PL – Warehouse (Forklift Operator, Parts)</b>	<b>4</b>
Contractor 3PL - Temp Labor (operations)	15
<b>Facility Maintenance</b>	<b>3</b>
Trucking (Dispatch, Truck Loading Supervision, Short Haul drivers)	15
Trucking (Long Haul drivers)	40
Vessel Stevedore Management, Supervision, Administration	5
Vessel Stevedore Drivers	60-100
Shortline Rail Operator	10
Vehicle Inspection 3PL	2
<b>VWGoA / Porsche Full Time Employees</b>	<b>14</b>
<b>Total Jobs Directly at VWGoA Terminal</b>	<b>113</b>
<b>Total Direct &amp; Indirect Jobs</b>	<b>260-300</b>

*Bold, Italicized = Jobs at VWGoA Terminal*

# Jobs Overview – Terminal Operations

- **Automotive Technician**
- **Body Shop Operation**
- **Port Installed Accessories**
- **Terminal Upkeep and Maintenance**
- **Intermodal operations**
- **Warehousing**
- **Security**
- **Coordinating vendor delivery or pick ups**
  - Auto Haulers
  - Parts Trucks
  - Recycle/Refuse removal



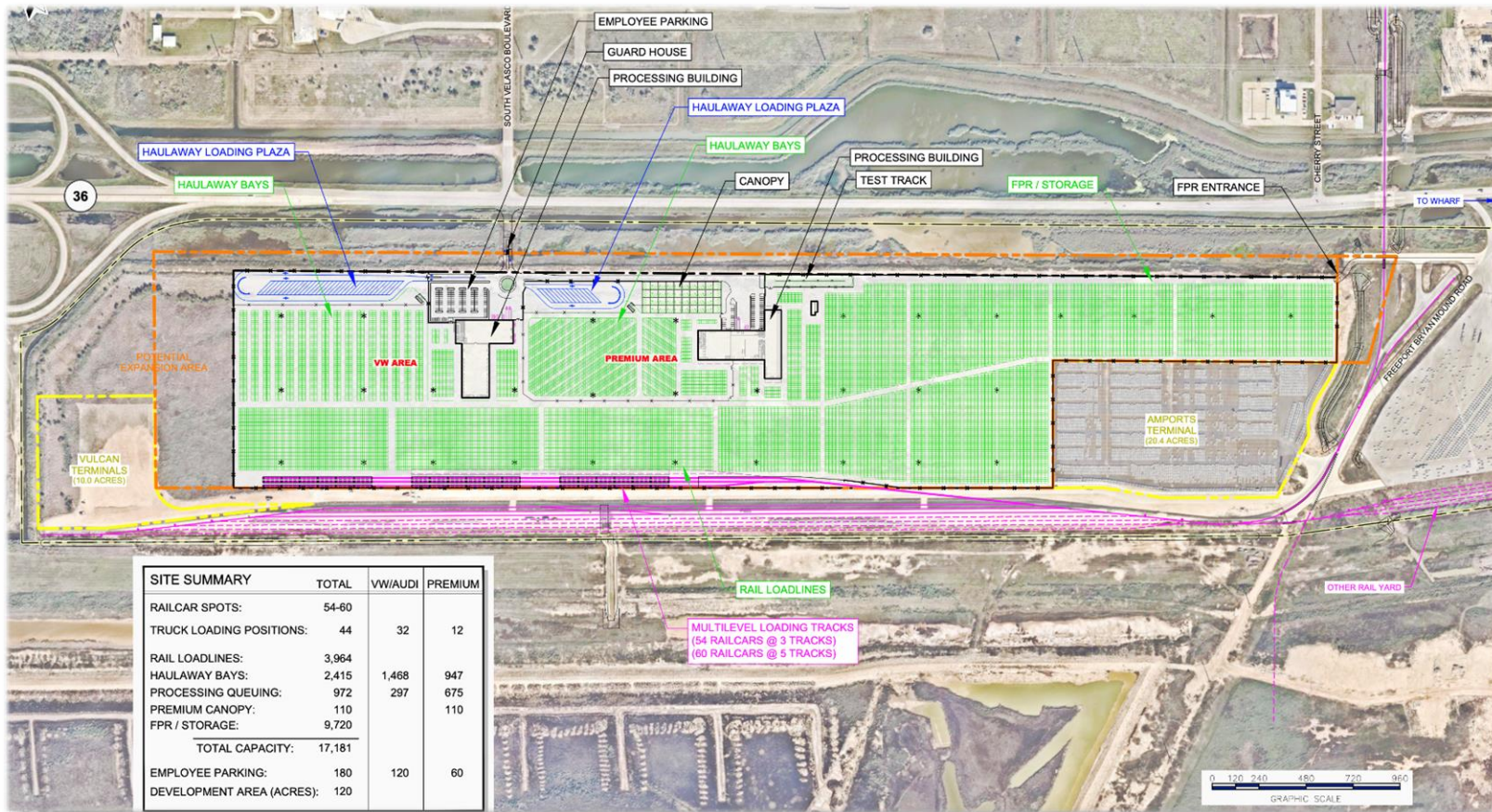


# Proposed Development – Location





# Proposed Development – Site Plan



# Financial & Investment Summary

- **Total capital investment in the project is projected at nearly \$115 million**
  - Vertical building improvements - estimated taxable value of \$28.5 million
  - Site Stabilization - \$72.2 million of hard and soft costs
- **30-year lease with Port Freeport. Developer will construct and finance the project for VWGoA.**
  - Sublease between PRP KDC Freeport Development LLC (our developer) and VWGoA. 20-year triple net lease with **all taxes, expenses, and utilities passing through 100% to VWGoA (tenant).**
  - There will be extension options to extend the sublease with VWGoA to the full 30 year term of the underlying ground lease with the port
- Given the increased costs to stabilize the land – certain costs to VW increase in Freeport.


# Financial & Investment Summary

Hard Costs Construction		Combined Hard + Soft Cost
Vertical Buildings – Not Including Equipment	\$28.5 M <i>Estimated Taxable Value</i>	\$30.2 M + \$12.02 M = <b>\$42.22 M</b>
Site Work (including parking infrastructure and lighting)	\$48.8 M	\$48.8 M + \$20.4 M = <b>\$72.2 M</b>
General Contract Fees and Insurance / Permitting	\$4.7 M	
Total	\$82 M	

Soft Costs Ex: Architecture, Engineering, Interest, Taxes during Construction, Escalation Allowances, Legal, Brokerage	
Total	\$32 M

<b>Total Project Cost</b>	\$114.495 M
**rounding in above numbers results in incorrect sum	

30% – 50% higher than  
comparable locations



## Exhibit F

### **Statement on Water and Sewer Use**

The Volkswagen Group of America, Inc. port terminal facility at Port Freeport would be connected to city services for water and sewer.

**Statement on Planned Use of Brazoria County Vendors**

Volkswagen Group of America, Inc. and its development partners will endeavor to locate and source local Brazoria County Vendors and Services throughout all elements of the Project, including, but not limited to, site work, construction, and on-going operation of the facility.

Exhibit I

**Tangible Personal Property Qualified for Abatement**

<b>Description</b>	<b>Cost (\$)</b>	<b>Projected Life</b>	<b>Value After 7 Year Abatement (\$)</b>
Challenger Lifts	524,000	14	230,560
Dock Equipment	21,700	14	9,548
Hunter Lifts	111,800	14	49,192
Paint Booth	273,000	14	120,120
Racking	228,000	14	100,320
Rotary Lifts	236,000	14	103,840
<b>Total</b>	<b>1,394,500</b>		<b>613,580</b>

# VOLKSWAGEN

GROUP OF AMERICA

Tim Kelty  
City Manager  
City of Freeport  
200 W. 2nd Street  
Freeport, TX 77541

Donald Davidson  
Manager of Government Relations  
Government Relations  
+1 202 899 1004  
+1 202 431 8108  
donald.davidson@vw.com

NAME  
TITLE  
DEPARTMENT  
DIRECT  
MOBILE  
E-MAIL

March 1, 2022

DATE

## RE: Tax Abatement Request – Proposed Investment at Port Freeport

Dear Mr. Kelty:

On behalf of Volkswagen Group of America, Inc. (VWGoA), I am writing to request consideration of a tax abatement by the City of Freeport to support the substantial investment VWGoA is proposing at Port Freeport.

VOLKSWAGEN GROUP OF AMERICA, INC.  
601 PENNSYLVANIA AVENUE NW  
SUITE 740  
WASHINGTON, DC 20004

As you know, VWGoA currently utilizes the Port of Houston and a Midlothian inland port to import vehicles, and we are now in the process of evaluating a number of ports across the Gulf Coast as opportunities to expand our investment and presence. We have had positive discussions with Port Freeport, and as our company works towards making a final siting decision, we would like to begin exploring how best to partner with the City to support this project.

The proposed VWGoA Port of Entry project at Port Freeport will consist of a 125-acre vehicle importation and processing center, which will manage distribution of vehicles inbound from Europe and Mexico by both rail and water. The project will include an on-site rail loading and unloading facility, a vehicle storage area, as well as two buildings totaling approximately 170,000 square feet for administration, vehicle processing, parts storage, and specialized technical space for several different Volkswagen Group brands. Additionally, electric chargers, fueling facilities, car washes, a storage canopy for certain vehicles, and dedicated truck loading and haulaway facilities will be constructed.

The project will be constructed on land ground leased from Port Freeport, who will retain fee title to the land.

The geographical area of dealers that will be served by the project will cover over 50% of the United States by geography, serving dealers in an area spanning Texas, the Midwest, and the Pacific Northwest. Average throughput of the facility over the next 5 years is projected to be between 120,000 and 140,000 cars per year.



Total capital investment in the project is projected at approximately \$115 million, and the vertical building improvements in the project are projected to have an estimated taxable value of \$28.5 million.

During construction of the project, we would anticipate the creation of 387 jobs over a construction period of 18-20 months, with almost 550,000 person-hours of construction activities being performed.

After initiating operations at Port Freeport, the VWGoA Port of Entry would support jobs for 260-300 people. 113 of these jobs would be at the Volkswagen Group terminal itself, with others being created as a direct result of our port operations. For instance, our operations would require employment at the port of 60 to 100 stevedore drivers to unload the thousands of vehicles the terminal will import via vessel. Additionally, our operations would require a robust trucking operation to be established and would support further employment at a shortline rail operator. Below is a more detailed estimate of employment impact.

**Estimated Total Employment Connected to VWGoA Port of Entry Project**

	<b>Number of People</b>
<b><i>VWGoA Full Time Employees</i></b>	<b>11</b>
<b><i>Contractor / 3<sup>rd</sup> Party Logistics Provider (3PL) – Processing, Management, Administrative, HR, IT)</i></b>	<b>55</b>
<b><i>Porsche Full Time Employees</i></b>	<b>3</b>
<b><i>Contractor 3PL – Rail Operations</i></b>	<b>12</b>
<b><i>Contractor 3PL – Technical (Accessory Installation, Vehicle Quality, Collision Repair Technician, Paint Shop Technician)</i></b>	<b>25</b>
<b><i>Contractor 3PL – Warehouse (Forklift Operator, Parts)</i></b>	<b>4</b>
Contractor 3PL - Temp Labor (operations)	15
<b><i>Facility Maintenance</i></b>	<b>3</b>
Trucking (Dispatch, Truck Loading Supervision, Short Haul drivers)	15
Trucking (Long Haul drivers)	40
Vessel Stevedore Management, Supervision, Administration	5
Vessel Stevedore Drivers	60-100
Shortline Rail Operator	10
Vehicle Inspection 3PL	2
VWGoA / Porsche Full Time Employees	14
Total Jobs Directly at VWGoA Port of Entry	113
<b>Total Direct &amp; Indirect Jobs</b>	<b>260-300</b>

*Bold, Italicized = Jobs at VWGoA Terminal*

As the VWGoA Port of Entry project most closely matches the description of Applicant Category D in Resolution No. 2020-2636, VWGoA would request a 100% abatement on ad valorem taxes on real property and improvements for a period of 10 years. If Port Freeport is chosen as our next port of entry, this abatement would support the substantial additional investment (approximately \$65 million of hard and soft costs) we must make to stabilize the site's land – an investment in land that is significantly above that of competing sites.

We would request that the other local taxing entities, including Brazoria County, Brazosport College, Brazosport, Independent School District City of Freeport, Velasco Drainage District, and Port Freeport also grant the same abatement.

In addition to consideration of the abatement, we would request the City's assistance improving the intersection at which our site would connect to TX-36 Expressway and Velasco Boulevard in order to accommodate the increased traffic connected to our port operations. To support traffic flow at this intersection, the addition of a stop light and other intersection infrastructure improvements (deceleration and turn lanes, etc.) would be beneficial.

We appreciate your consideration and stand ready to provide any additional information you may need. We look forward to discussing the opportunity to partner together in support of this project and the City's broader economic growth.

Sincerely,

Donald Davidson  
Manager of Government Relations  
Volkswagen Group of America

cc: Joe Magruder, Economic Development & Tourism - Office of the Governor  
Phyllis Saathoff, Port Freeport  
Jason Miura, Port Freeport  
Nicole Barranco, Volkswagen Group of America  
Heather Gilhuly, Volkswagen Group of America  
Laura Matz, Matz and Company, LLC